

AMENDED IN SENATE MAY 7, 2014

**SENATE BILL**

**No. 1149**

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**Introduced by Senator Galgiani**

February 20, 2014

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An act to amend Section 69432.7 of the Education Code, relating to student financial aid.

LEGISLATIVE COUNSEL'S DIGEST

SB 1149, as amended, Galgiani. Cal Grant Program: renewal awards

The Cal Grant Program establishes the Cal Grant A and B Entitlement awards, the California Community College Transfer Entitlement awards, the Competitive Cal Grant A and B awards, the Cal Grant C awards, and the Cal Grant T awards under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under these programs for participating students attending qualifying institutions.

~~Under the program, until July 1, 2013, an institution otherwise ineligible for initial and renewal Cal Grant awards for specified reasons was eligible for renewal Cal Grant awards, reduced as specified, for recipients who were enrolled in the institution during the academic year before the academic year for which the institution is ineligible and who chose to renew their Cal Grant awards to attend the institution.~~

*Existing law requires the commission to certify by October 1 of each year a qualifying institution's latest 3-year cohort default rate and graduation rate as most recently reported by the United States Department of Education. Existing law provides that, for purposes of the 2012–13 academic year, and every academic year thereafter, an otherwise qualifying institution with a 3-year cohort default rate that is equal to or greater than 15.5% is ineligible for initial and renewal*

*Cal Grant awards at the institution. Existing law provides that an otherwise qualifying institution is ineligible for an initial or renewal Cal Grant award at the institution if the institution has a graduation rate of 30% or less for students taking 150% or less of the expected time to complete degree requirements, as specified, with certain exceptions.*

*This bill would make a recipient again eligible to renew a Cal Grant award, without reduction, if the student was enrolled in an institution ineligible for one of these reasons during the last academic year before the institution became ineligible require the commission to establish an appeal process for an otherwise qualifying institution that fails to satisfy the 3-year cohort default rate and graduation rate requirements, and would make nonsubstantive and conforming changes.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 69432.7 of the Education Code is
- 2 amended to read:
- 3 69432.7. As used in this chapter, the following terms have the
- 4 following meanings:
- 5 (a) An “academic year” is July 1 to June 30, inclusive. The
- 6 starting date of a session shall determine the academic year in
- 7 which it is included.
- 8 (b) “Access costs” means living expenses and expenses for
- 9 transportation, supplies, and books.
- 10 (c) “Award year” means one academic year, or the equivalent,
- 11 of attendance at a qualifying institution.
- 12 (d) “College grade point average” and “community college
- 13 grade point average” mean a grade point average calculated on the
- 14 basis of all college work completed, except for nontransferable
- 15 units and courses not counted in the computation for admission to
- 16 a California public institution of higher education that grants a
- 17 baccalaureate degree.
- 18 (e) “Commission” means the Student Aid Commission.
- 19 (f) “Enrollment status” means part- or full-time status.
- 20 (1) “Part time,” for purposes of Cal Grant eligibility, means 6
- 21 to 11 semester units, inclusive, or the equivalent.

(2) “Full time,” for purposes of Cal Grant eligibility, means 12 or more semester units or the equivalent.

(g) “Expected family contribution,” with respect to an applicant, shall be determined using the federal methodology pursuant to subdivision (a) of Section 69506 (as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.)) and applicable rules and regulations adopted by the commission.

(h) “High school grade point average” means a grade point average calculated on a 4.0 scale, using all academic coursework, for the sophomore year, the summer following the sophomore year, the junior year, and the summer following the junior year, excluding physical education, reserve officer training corps (ROTC), and remedial courses, and computed pursuant to regulations of the commission. However, for high school graduates who apply after their senior year, “high school grade point average” includes senior year coursework.

(i) “Instructional program of not less than one academic year” means a program of study that results in the award of an associate or baccalaureate degree or certificate requiring at least 24 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

(j) “Instructional program of not less than two academic years” means a program of study that results in the award of an associate or baccalaureate degree requiring at least 48 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

(k) “Maximum household income and asset levels” means the applicable household income and household asset levels for participants, including new applicants and renewing recipients, in the Cal Grant Program, as defined and adopted in regulations by the commission for the 2001–02 academic year, which shall be set pursuant to the following income and asset ceiling amounts:

CAL GRANT PROGRAM INCOME CEILINGS

Cal Grant A, C, and T	Cal Grant B
Dependent and Independent students with dependents*	

1	Family Size		
2	Six or more	\$74,100	\$40,700
3	Five	\$68,700	\$37,700
4	Four	\$64,100	\$33,700
5	Three	\$59,000	\$30,300
6	Two	\$57,600	\$26,900
7			
8	Independent		
9	Single, no dependents	\$23,500	\$23,500
10	Married	\$26,900	\$26,900

11  
12 \*Applies to independent students with dependents other than a  
13 spouse.

14  
15 CAL GRANT PROGRAM ASSET CEILINGS

16		Cal Grant A, C, and T	Cal Grant B
17			
18	Dependent**	\$49,600	\$49,600
19	Independent	\$23,600	\$23,600

20  
21  
22  
23 \*\*Applies to independent students with dependents other than a  
24 spouse.

25  
26 The commission shall annually adjust the maximum household  
27 income and asset levels based on the percentage change in the cost  
28 of living within the meaning of paragraph (1) of subdivision (e)  
29 of Section 8 of Article XIII B of the California Constitution. The  
30 maximum household income and asset levels applicable to a  
31 renewing recipient shall be the greater of the adjusted maximum  
32 household income and asset levels or the maximum household  
33 income and asset levels at the time of the renewing recipient's  
34 initial Cal Grant award. For a recipient who was initially awarded  
35 a Cal Grant for an academic year before the 2011–12 academic  
36 year, the maximum household income and asset levels shall be the  
37 greater of the adjusted maximum household income and asset  
38 levels or the 2010–11 academic year maximum household income  
39 and asset levels. An applicant or renewal recipient who qualifies

to be considered under the simplified needs test established by federal law for student assistance shall be presumed to meet the asset level test under this section. Prior to disbursing any Cal Grant funds, a qualifying institution shall be obligated, under the terms of its institutional participation agreement with the commission, to resolve any conflicts that may exist in the data the institution possesses relating to that individual.

(l) (1) “Qualifying institution” means an institution that complies with paragraphs (2) and (3) and is any of the following:

(A) A California private or independent postsecondary educational institution that participates in the Pell Grant Program and in at least two of the following federal campus-based student aid programs:

(i) Federal Work-Study.

(ii) Perkins Loan Program.

(iii) Supplemental Educational Opportunity Grant Program.

(B) A nonprofit institution headquartered and operating in California that certifies to the commission that 10 percent of the institution’s operating budget, as demonstrated in an audited financial statement, is expended for purposes of institutionally funded student financial aid in the form of grants, that demonstrates to the commission that it has the administrative capacity to administer the funds, that is accredited by the Western Association of Schools and Colleges, and that meets any other state-required criteria adopted by regulation by the commission in consultation with the Department of Finance. A regionally accredited institution that was deemed qualified by the commission to participate in the Cal Grant Program for the 2000–01 academic year shall retain its eligibility as long as it maintains its existing accreditation status.

(C) A California public postsecondary educational institution.

(2) (A) The institution shall provide information on where to access California license examination passage rates for the most recent available year from graduates of its undergraduate programs leading to employment for which passage of a California licensing examination is required, if that data is electronically available through the Internet Web site of a California licensing or regulatory agency. For purposes of this paragraph, “provide” may exclusively include placement of an Internet Web site address labeled as an access point for the data on the passage rates of recent program graduates on the Internet Web site where enrollment information

1 is also located, on an Internet Web site that provides centralized  
2 admissions information for postsecondary educational systems  
3 with multiple campuses, or on applications for enrollment or other  
4 program information distributed to prospective students.

5 (B) The institution shall be responsible for certifying to the  
6 commission compliance with the requirements of subparagraph  
7 (A).

8 (3) (A) The commission shall certify by October 1 of each year  
9 the institution's latest three-year cohort default rate and graduation  
10 rate as most recently reported by the United States Department of  
11 Education.

12 (B) For purposes of the 2011–12 academic year, an otherwise  
13 qualifying institution with a three-year cohort default rate reported  
14 by the United States Department of Education that is equal to or  
15 greater than 24.6 percent shall be ineligible for initial and renewal  
16 Cal Grant awards at the institution, ~~except as provided in~~  
17 ~~subparagraph (F).~~

18 (C) For purposes of the 2012–13 academic year, and every  
19 academic year thereafter, an otherwise qualifying institution with  
20 a three-year cohort default rate that is equal to or greater than 15.5  
21 percent, as certified by the commission on October 1, 2011, and  
22 every year thereafter, shall be ineligible for initial and renewal Cal  
23 Grant awards at the institution, ~~except as provided in subparagraph~~  
24 ~~(F).~~

25 (D) (i) An otherwise qualifying institution that becomes  
26 ineligible under this paragraph for initial and renewal Cal Grant  
27 awards shall regain its eligibility for the academic year for which  
28 it satisfies the requirements established in subparagraph (B), (C),  
29 or (G), as applicable.

30 (ii) If the United States Department of Education corrects or  
31 revises an institution's three-year cohort default rate or graduation  
32 rate that originally failed to satisfy the requirements established  
33 in subparagraph (B), (C), or (G), as applicable, and the correction  
34 or revision results in the institution's three-year cohort default rate  
35 or graduation rate satisfying those requirements, that institution  
36 shall immediately regain its eligibility for the academic year to  
37 which the corrected or revised three-year cohort default rate or  
38 graduation rate would have been applied.

39 (E) An otherwise qualifying institution for which no three-year  
40 cohort default rate or graduation rate has been reported by the

1 United States Department of Education shall be provisionally  
2 eligible to participate in the Cal Grant Program until a three-year  
3 cohort default rate or graduation rate has been reported for the  
4 institution by the United States Department of Education.

5 ~~(F) An institution that is ineligible for initial and renewal Cal~~  
6 ~~Grant awards at the institution under subparagraph (B), (C), or (G)~~  
7 ~~shall be eligible for renewal Cal Grant awards for recipients who~~  
8 ~~were enrolled in the ineligible institution during the academic year~~  
9 ~~before the academic year for which the institution is ineligible and~~  
10 ~~who choose to renew their Cal Grant awards to attend the ineligible~~  
11 ~~institution.~~

12 ~~(G)~~  
13 (F) For purposes of the 2012–13 academic year, and every  
14 academic year thereafter, an otherwise qualifying institution with  
15 a graduation rate of 30 percent or less for students taking 150  
16 percent or less of the expected time to complete degree  
17 requirements, as reported by the United States Department of  
18 Education and as certified by the commission pursuant to  
19 subparagraph (A), shall be ineligible for initial and renewal Cal  
20 Grant awards at the institution, except as provided for in  
21 ~~subparagraphs (F) and (I)~~ subparagraph (H).

22 ~~(H)~~  
23 (G) Notwithstanding any other law, the requirements of this  
24 paragraph shall not apply to institutions with 40 percent or less of  
25 undergraduate students borrowing federal student loans, using  
26 information reported to the United States Department of Education  
27 for the academic year two years before the year in which the  
28 commission is certifying the three-year cohort default rate or  
29 graduation rate pursuant to subparagraph (A).

30 ~~(I)~~  
31 (H) Notwithstanding subparagraph ~~(G)~~ (F), an otherwise  
32 qualifying institution with a three-year cohort default rate that is  
33 less than 10 percent and a graduation rate above 20 percent for  
34 students taking 150 percent or less of the expected time to complete  
35 degree requirements, as certified by the commission pursuant to  
36 subparagraph (A), shall remain eligible for initial and renewal Cal  
37 Grant awards at the institution through the 2016–17 academic year.

38 ~~(J)~~  
39 (I) The commission shall do all of the following:

1 (i) Notify initial Cal Grant recipients seeking to attend, or  
2 attending, an institution that is ineligible for initial and renewal  
3 Cal Grant awards under subparagraph (C) or ~~(G)~~ (F) that the  
4 institution is ineligible for initial Cal Grant awards for the academic  
5 year for which the student received an initial Cal Grant award.

6 (ii) Notify renewal Cal Grant recipients attending an institution  
7 that is ineligible for initial and renewal Cal Grant awards at the  
8 institution under subparagraph (C) or ~~(G)~~ (F) that the student's  
9 Cal Grant award will be reduced by 20 percent, or eliminated, as  
10 appropriate, if the student attends the ineligible institution in an  
11 academic year in which the institution is ineligible.

12 (iii) Provide initial and renewal Cal Grant recipients seeking to  
13 attend, or attending, an institution that is ineligible for initial and  
14 renewal Cal Grant awards at the institution under subparagraph  
15 (C) or ~~(G)~~ (F) with a complete list of all California postsecondary  
16 educational institutions at which the student would be eligible to  
17 receive an unreduced Cal Grant award.

18 (iv) (I) *Establish an appeal process for an otherwise qualifying*  
19 *institution that fails to satisfy the three-year cohort default rate*  
20 *and graduation rate requirements in subparagraphs (C) and (F),*  
21 *respectively.*

22 (II) *In assessing whether to grant an appeal, the commission*  
23 *may consider cohort size and the likelihood of an otherwise*  
24 *qualifying institution regaining eligibility in the academic year*  
25 *next following the institution's loss of eligibility.*

26 ~~(K)~~

27 (J) By January 1, 2013, the Legislative Analyst shall submit to  
28 the Legislature a report on the implementation of this paragraph.  
29 The report shall be prepared in consultation with the commission,  
30 and shall include policy recommendations for appropriate measures  
31 of default risk and other direct or indirect measures of quality or  
32 effectiveness in educational institutions participating in the Cal  
33 Grant Program, and appropriate scores for those measures. It is  
34 the intent of the Legislature that appropriate policy and fiscal  
35 committees review the requirements of this paragraph and consider  
36 changes thereto.

37 (m) "Satisfactory academic progress" means those criteria  
38 required by applicable federal standards published in Title 34 of  
39 the Code of Federal Regulations. The commission may adopt



- 1 regulations defining “satisfactory academic progress” in a manner
- 2 that is consistent with those federal standards.

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